

October 26, 2001

Mr. Jon Heinrich
Wis. Dept. of Natural Resources
Bureau of Air Management
PO Box 7921
101 South Webster Street
Madison, WI 53707-7921

Re: Stora Enso North America Submittal of Additional Information on the Proposed Rule NR 446 - Control of Mercury Emissions

Dear Mr. Heinrich:

In a letter, October 15, 2001, Stora Enso North America (SENA) submitted initial comments on the Wisconsin Department of Natural Resources NR 446 proposal addressing the control of mercury emissions. SENA appreciates the opportunity to submit comments to the Department on the proposed rule and to be able to supplement the information previously provided.

SENA shares the concerns of the public regarding the increased levels of mercury in Wisconsin's waters. We are all interested in reducing the number of fish advisories and improving the quality of Wisconsin's waters as related to mercury issues. The Natural Resources Board directed DNR staff to promulgate rules addressing the control of mercury emissions that protect the public health and the environment, but are cost effective, reasonable and do not interfere with electric reliability. In SENA's opinion, the proposed rules fail to meet the Natural Resources Board's directive.

SENA supports regulations that are based on established and sound science and produce a clear environmental and health benefit. In SENA's opinion, the proposed NR 446 rules do not meet these requirements. SENA has serious concerns with NR 446 as proposed and as a result is opposed to the proposed NR 446. In general, our concerns are as follows:

- The proposed rule will provide very little if any environmental benefit.
- Significant increases in electric rates for SENA's Wisconsin operations at the higher mercury reduction levels.
- The use of historical mercury emission information for establishing the basis for regulation.
- The proposed methodologies for determining baseline mercury emissions.
- The mass emission cap proposed for industrial sources and the restrictions it could place on productivity and economic growth for our Wisconsin operations.
- Conflict with Federal laws currently being considered for both utility and industrial boilers.
- The absence of a variance from reduction requirements for industrial sources.

SENA supports and incorporates by reference the comments submitted by the Wisconsin Paper Council and Wisconsin Manufactures and Commerce on the NR 446 proposed rule. SENA commends the DNR for establishing the Technical Advisory Committee and the Citizens Advisory

Committee. The DNR should allow these groups to further study the issue of mercury reductions and environmental benefits. Perhaps with the aid of these groups, DNR can develop a program that is based on established and sound science and meets the Natural Resources Board's directive.

Mercury air emissions are a global issue. The mercury that is deposited in Wisconsin's waters originates from all over the world. More research and study is needed to better understand:

The regional and global mercury transport issues,

- To better predict environmental improvements as a result of mercury emission reductions, and
- To better estimate the impact on reducing the number of fish advisories for Wisconsin waters as a result of reducing Wisconsin's mercury emissions.

Even if NR 446 is adopted as proposed, the IDNR cannot determine if there will be any reductions in the number of fish advisories issued for Wisconsin waters. In fact, it is possible that there will not be any measurable environmental improvement in Wisconsin.

SENA is very concerned that NR 446 as proposed will result in significant increases in the electric rates. The electric utilities' costs for controlling mercury emissions will directly translate into higher electric rates. SENA's facilities along with others in the paper industry are large users of electricity. The utilities that SENA partners with for the purchasing of electricity have indicated that we could see increases of 25% - 50% for our purchased electricity costs. SENA could potentially see increases of \$13 million - \$25 million a year for our purchased electricity costs if the utility estimates are correct. Since SENA's facilities compete in a global marketplace, the higher electricity costs have the potential for making it extremely difficult for SENA's Wisconsin facilities to be able to compete with domestic facilities in other states and with foreign facilities.

The rule proposes to establish a historical baseline using the years 1998-2000. SENA is concerned about the quality of historical mercury emission data. Since there has not been a lot of regulatory focus on mercury emissions, the use of emissions factors to estimate mercury emissions may not accurately reflect a source's actual mercury emissions. In addition, if these emission estimates or emission factors were based on older stack test data, the quality of this data may also be questionable. Estimation techniques developed for the utility industry may also not be appropriate to estimate mercury emissions from industrial coal-fired boilers. There are significant differences between utility coal-fired boilers and industrial coal-fired boilers. Since these baseline emission estimates are the basis for regulation and also for establishing the industrial emission caps, both the IDNR and industry must be certain of their accuracy. The use of quality baseline data that accurately reflects a source's mercury emissions is also necessary to prevent future compliance problems. If future testing identifies that emissions are actually higher than originally estimated, sources could be in the position of being out of compliance with the rule.

While the proposed NR 446 rule targets coal-fired utility boilers as the principle source for mercury emission reductions, the proposed rule also addresses industrial sources and other stationary sources that emit more than the proposed threshold of ten pounds of mercury a year. For these smaller sources of mercury emissions, NR 446 proposes to establish a mercury emission

cap based on the historical baseline period. The DNR interprets a source to be the entire facility thereby including all emission sources at the facility. SENA has serious concerns with the emission cap. A mercury emission cap placed on sources would essentially be a cap on all emissions and would also be a cap on productivity and economic growth. SENA's potentially impacted process sources include coal-fired power boilers, and our pulp mill chemical recovery furnaces. Since it would probably not be feasible for SENA to control the mercury emissions from these sources, the productivity of these sources would have to be capped at the historic baseline levels. Since these sources are integrated into our pulp and paper making processes, the capping of these emission units could actually mean the capping of the pulp and paper making capacity of our Wisconsin facilities and prevent economic growth and development at these facilities.

At the national level, US EPA is planning on regulating mercury emission from utility sources as part of a utility boiler maximum available control technology (MACT) standard. US EPA is also considering a three-pollutant bill that will also address mercury emissions from utility boilers and possibly from large industrial power boilers. While a national approach will still not address the global mercury issue, it will probably result in more environmental benefit for Wisconsin waters than a Wisconsin-only rule will produce. In addition, a federal rule will provide a more consistent approach to mercury control and will not cause an economic disadvantage for sources located in Wisconsin as a Wisconsin-only rule could. SENA does not see any advantage for the DNR to move forward with a Wisconsin-only rule ahead of US EPA.

The proposed rule contains a variance from the reduction requirements for utilities but does not contain a similar provision for sources subject to the mass cap requirement. A variance provision needs to be included for the mass cap or industrial sources.

SENA appreciates the opportunity to submit comments on the proposed NR 446 rule. SENA shares the DNR's and the public's concerns about increasing mercury levels in Wisconsin's waters. However SENA is very concerned that NR 446 as proposed has the potential to have a huge impact on the economic growth and development in Wisconsin with little if any environmental benefit. The proposed rule has the potential to significantly impact SENA's Wisconsin facilities both directly and indirectly. The proposed rule will directly impact our power boilers and chemical recovery furnaces and the setting of a mass cap limits has the potential to cap our pulp and papermaking processes and prevent economic growth and development. The proposed rule will indirectly impact our facilities through higher purchased power costs. As a result of these direct and indirect impacts, SENA's Wisconsin facilities may not be able to remain competitive in a global marketplace. Wisconsin should allow the Federal mercury rulemaking efforts to take 'shape' before moving forward and establishing a Wisconsin-only regulation. Lets avoid regulation for the sake of regulation.

If there are any questions regarding the above comments, please contact me at (715) 422-3507.

Sincerely,

STORA ENSO NORTH AMERICA
Annabeth Reitter
Division Air Programs Manager

CC: Tom Scharff - P&E / Jim Weinbauer - MO-2